



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 11, 1998

H.R. 2696 **Vessel Hull Design Protection Act**

As ordered reported by the House Committee on the Judiciary on March 3, 1998

H.R. 2696 would provide copyright protection to certain vessel hull designs beginning one year after the enactment of the bill. The bill would direct the Administrator of the U.S. Copyright Office to establish a process for registering copyrights of vessel designs and for hearing and arbitrating disputes. The office also would be required to publish lists of registered designs and make drawings or other representations available to the public. Prospective applicants would be required to pay fees set to cover most, if not all, of the costs incurred by the agency to administer the program. The bill provides remedies for infringements of registered designs and specifies civil penalties for false representations or labeling.

CBO estimates that enacting H.R. 2696 would have no significant budgetary impact. Based on information from agency and industry sources, CBO estimates that the Copyright Office would spend about \$200,000 in 1999 to establish the program and another \$200,000 each year thereafter to process registrations, subject to appropriation of the necessary amounts. Offsetting collections would increase by similar amounts beginning in 2000, the first year we would expect applicants for such copyrights. CBO assumes that those collections would be credited as an offset to annual appropriations.

Revenues from possible civil penalties are not expected to be significant. Because this legislation would affect receipts, pay-as-you-go procedures would apply. CBO estimates, however, that the pay-as-you-go impact would be negligible.

H.R. 2696 would impose a new private-sector mandate, as defined in the Unfunded Mandates Reform Act of 1995 (UMRA), by creating new fees for firms and individuals who apply for copyright protection of an original vessel hull design. Copyright law and copyright fees are the exclusive domain of the federal government. Therefore, an increase in existing copyright fees or the imposition of new fees constitutes a new enforceable duty and meets the

definition of a private-sector mandate in UMRA. Based on information from the Copyright Office, CBO estimates that the direct costs of the new private-sector mandate in the bill would be negligible and would fall well below the \$100 million statutory threshold in UMRA. The bill contains no intergovernmental mandates as defined in UMRA, and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Kathleen Gramp (for federal costs), and Matthew Eyles (for the private-sector impact). This estimate was approved by Robert A. Sunshine, Assistant Deputy Director for Budget Analysis.